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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

August 31, 1994


Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Mr. Caton:

Enclosed find an original and 4 copies of MasterCard International Incorporated ("MasterCard's") reply comments in CC Docket No. 92-77. Please date stamp the additional copy and return with our messenger.

If you have any questions regarding this filing, please call me at 202/223-4980.

Sincerely,



Debra L. Lagapa
Counsel for MasterCard
International Incorporated

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AUG 31 1994

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Billed Party Preference)
for 0+ InterLATA Calls)
_____)

CC Docket No. 92-77

To the Commission:

**REPLY COMMENTS OF
MASTERCARD INTERNATIONAL INCORPORATED**

MasterCard International Incorporated ("MasterCard") submits these reply comments in the above-captioned proceeding to address the concerns of a few parties regarding the acceptance of commercial credit cards under Billed Party Preference ("BPP").

On May 19, 1994, the Commission issued its further notice of proposed rulemaking, tentatively concluding that, based on the record before it, implementation of BPP would serve the public interest.¹ The Commission further concluded that "if BPP is implemented, it should accommodate commercial credit cards that conform to ISO/ANSI standards on the same basis as 891 and CIID calling cards." FNPRM at ¶ 80. As the Commission reasoned, "consumers value commercial credit cards and . . . would seek to use such cards

¹ *Billed Party Preference for 0+ InterLATA Calls*, CC Dkt. No. 92-77, Further Notice of Proposed Rulemaking (released June 6, 1994) ("FNPRM").

for billing long-distance calls. No party has presented any compelling reason why consumers should be denied this option, nor has any party shown that it would be unreasonably burdensome for LECs to incorporate it into BPP.” Id.

DISCUSSION

Although the Further Notice of Proposed Rulemaking was intended to solicit updated information concerning the overall costs of implementing BPP, FNPRM at ¶ 2, a few commentators have used this opportunity to raise doubts about the Commission’s decision to accommodate ISO/ANSI-formatted commercial credit cards under BPP. Without exception, these objections were already raised, considered and ultimately dismissed in the initial phase of this proceeding. Because the commentators cite no new evidence that inclusion of commercial credit cards under BPP is either technically infeasible or unduly burdensome to the LECs, there is no basis to reconsider the Commission’s sound determination that acceptance of commercial credit cards under BPP is in the public interest.

I. THERE IS NO TECHNICAL IMPEDIMENT TO ACCOMMODATING COMMERCIAL CREDIT CARDS UNDER BPP.

The United States Telephone Association (“USTA”) calls upon the Commission to evaluate carefully “the full implications” of commercial credit card acceptance, citing unspecified concerns about the ability of “all elements of the network . . . to recognize, store and transmit the [credit card number].”² As the

² Comments of the United States Telephone Association at 13, filed August 1, 1994 (“USTA Comments”).

credit card industry earlier reported,³ both AT&T and Northern Telecom -- which collectively account for over 80 percent of the U.S. industry switching infrastructure -- have already developed the software technology to recognize, store and directly route a 16-digit commercial credit card account number. While AT&T currently has the capability to process commercial credit cards on its network,⁴ Northern Telecom plans to release its technical reference on the processing of 0+ calls billed to commercial credit cards as scheduled later this Fall.

In short, USTA's concerns about the technical feasibility of commercial credit card acceptance under BPP are completely unfounded. Similarly, Pacific Bell and Nevada Bell's claim that "a service design for the introduction of commercial credit cards has not yet been developed"⁵ is curious given their earlier statements in this docket that "the technology exists to recognize credit cards within the operator service switch."⁶ Moreover, Southwestern Bell Telephone Company's concern that commercial credit card databases "comply with LIDB signaling standards and formats" is again no

³ Reply Comments of MasterCard International Incorporated and VISA U.S.A., Inc. at 8-9, filed Aug. 27, 1992 ("MasterCard/VISA Reply Comments"). See also Ex Parte Letter of VISA U.S.A., Inc. to William Caton at 2 (Sept. 9, 1993); Ex Parte Letter of VISA U.S.A., Inc. to William Caton at 2 (Feb. 14, 1994).

⁴ Indeed, more than two years ago AT&T reported in its initial comments on BPP that it was reconfiguring its network "to accept such cards from all telephones." Comments of AT&T at 17, n*, filed July 7, 1992.

⁵ Comments of Pacific Bell and Nevada Bell at 9, filed Aug. 1, 1994 ("PacTel Comments").

⁶ Reply Comments of Pacific Bell and Nevada Bell at 6, filed Aug. 27, 1992.

barrier to the inclusion of commercial credit cards under BPP, as the commercial credit card industry has already indicated its ability to make whatever network modifications may be necessary to interconnect commercial credit card databases to the LEC Operator Service System ("OSS").⁷

Finally, MasterCard wishes to address the specific concern of Sprint Corporation ("Sprint") regarding duplicative number formats. Sprint, a long-time supporter of including commercial credit cards as payment options under BPP,⁸ asks whether a LEC OSS could properly route a commercial credit card call for validation if the first six digits of the credit card overlap with the NANP numbers used for a line-based or CIID calling card. The handling of duplicative numbering sequences is specifically addressed in Northern Telecom's software modification. It is our understanding that the software will contain an algorithm identifying potential duplicative number sequences. For example, the digits "510" at the beginning of a card sequence could indicate either a Pacific Bell line-based calling card or a MasterCard card. If any of those number sequences are input by the calling party, the switch will continue to look for digits after the 10th or 14th digit is input. If an additional sequence of numbers follows, the switch will know that the card is a commercial credit card and will send the information to the appropriate credit card database for validation and carrier selection.

⁷ MasterCard/VISA Reply Comments at 9; see also Ex Parte Letter of VISA U.S.A., Inc. at 1-2 (Feb. 14, 1994).

⁸ See Comments of Sprint Corporation at 33, filed July 7, 1992.

In sum, contrary to the contentions of the USTA⁹, the Commission can obtain -- and indeed has already obtained -- sufficient data upon which to make a decision concerning the acceptance of commercial credit cards under BPP. The record in this proceeding clearly demonstrates that the technical concerns of a few parties are greatly overstated and that the processing of commercial credit cards should be no more difficult than the processing of 891 telecommunications calling cards under BPP.¹⁰ Accordingly, the Commission correctly concluded that, if implemented, BPP should accommodate commercial credit cards.

II. THE COMMISSION SHOULD AFFORD CONSUMERS A WIDE RANGE OF BILLING OPTIONS UNDER BPP.

Pacific Bell and Nevada Bell erroneously contend that there has been "no showing of consumer demand" for commercial credit card use under BPP.¹¹ As numerous parties to this proceeding have recognized, however, there are substantial benefits to including commercial credit cards as payment options for 0+ calls.¹² Moreover, as the Commission notes, MasterCard and

⁹ USTA Comments at 13-14.

¹⁰ Commercial credit cards and 891 calling cards share the same numbering format, which is the ISO/ANSI standard. Comments of MasterCard International Incorporated and VISA U.S.A., Inc. at 19; filed July 7, 1992 ("MasterCard/VISA Comments"); MasterCard/VISA Reply Comments at 9; see also Ex Parte Letter of VISA U.S.A., Inc. at 1-2 (Feb. 14, 1994) (noting that the call flow summary set forth in proposed BPP Service Description of MCI, Southwestern Bell, GTE and Pacific Bell for CIID/891 formatted cards is exactly the same as would be used to process a 0+ call billed to a commercial credit card).

¹¹ PacTel Comments at 9.

¹² MasterCard/VISA Comments at 13-16; MasterCard/VISA Reply Comments at 5-7; Reply Comments of American Express Company at 6-8, filed August 27, 1992; Comments of Sprint Corporation at 33, filed July 7, 1992; Comments of the Michigan Public Service Commission

VISA have earlier shared the results of marketing research indicating that more than 40 percent of existing cardholders would likely use their VISA or MasterCard card to make 0+ calls if given that option. FNPRM at ¶ 76.¹³

Central to the concept of billed party preference is the notion that the person paying for a long distance call should have the right to determine how that call is carried and processed. True billed party preference encompasses, therefore, not only billed party choice of the interexchange carrier, but also billed party choice of billing mechanism. Indeed, opening up the 0+ market to commercial credit cards and other payment options furthers the Commission's goal of enhancing competition in the telecommunications industry.

For these reasons, the Commission should not allow the unsubstantiated claims of a few carriers -- which may have incentives to make credit cards a less attractive alternative in competition with carrier-issued calling cards -- limit the payment options that are available to consumers in the 0+ marketplace.

Staff at 6, filed July 7, 1992; Comments of the Florida Public Service Commission at 7, filed July 7, 1992; Comments of MessagePhone Inc. at 31-32, July 7, 1992; Comments of the Ameritech Operating Companies at 11-12, filed July 7, 1992; Comments of Southwestern Bell Telephone Company at 9, 21, filed July 7, 1992; Reply Comments of Pacific Bell and Nevada Bell at 6, filed July 7, 1992; Reply Letter of Citibank at 2, filed August 27, 1992; Reply Letter of The Chase Manhattan Bank at 1-2, filed August 26, 1992; Reply Letter of First Chicago, filed September 11, 1992.

¹³ See also Ex Parte Letter of VISA U.S.A., Inc. at 1-2 (Sept. 9, 1993)(commenting on the widespread acceptance of commercial credit cards as 0+ payment devices in foreign countries).

CONCLUSION

Consumers clearly benefit from having the widest possible array of billing options for telecommunications services. Because there is no technical, economic or other reason to preclude the use of commercial credit cards for 0+ calling, MasterCard urges the Commission to reaffirm its tentative conclusion to accommodate commercial credit card acceptance in the initial deployment of BPP.

Respectfully submitted,


Debra L. Lagapa

Counsel for MasterCard International
Incorporated

Dated: August 31, 1994

CERTIFICATE OF SERVICE

I, Leah Moebius, hereby certify that true and correct copies of MasterCard International Incorporated ("MasterCard") Reply Comments in CC Docket No. 92-77 were served this August 31, 1994 via first class regular mail upon the following:

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